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MONTHLY REPORT ON FINANCIAL TRANSACTIONS

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AT FEBRUARY 29, 2016

Highlights for February 2016

- In February, the budgetary balance within the meaning of the *Balanced Budget Act* showed a surplus of $327 million. The balance takes into account the deposit of $214 million in the Generations Fund. Compared to last year:
  - own-source revenue increased by $445 million, standing at $5.0 billion;
  - federal transfers showed a decrease of $34 million, reaching $1.4 billion;
  - program spending increased by $491 million, amounting to $5.5 billion;
  - debt service showed a decrease of $10 million, reaching $638 million.
- On the basis of the cumulative results at February 29, 2016, the budgetary balance within the meaning of the *Balanced Budget Act* showed a surplus of $2.0 billion, taking into account the deposit of $1.3 billion in the Generations Fund.
- For 2015-2016, The Québec Economic Plan tabled on March 17, 2016 includes a contingency reserve of $300 million and projects the return to a balanced budget.

Summary of consolidated budgetary transactions

(millions of dollars) **(Unaudited data)**

	February		April to February			*The Québec Economic Plan - March 2016*	
	2015	2016	2014-2015	2015-2016	Change (%)	2015-2016	Change (%)
GENERAL FUND							
Revenue							
Own-source revenue	4 576	5 021	49 115	51 579	5.0	56 888	4.0
Federal transfers	1 393	1 359	15 316	15 710	2.6	17 036	1.2
Total revenue	**5 969**	**6 380**	**64 431**	**67 289**	**4.4**	**73 924**	**3.3**
Expenditure							
Program spending	–4 962	–5 453	–58 875	–59 443	1.0	–66 460	1.7
Debt service	–648	–638	–7 439	–7 263	–2.4	–8 019	–1.6
Total expenditure	**–5 610**	**–6 091**	**–66 314**	**–66 706**	**0.6**	**–74 479**	**1.3**
NET RESULTS OF CONSOLIDATED ENTITIES[1]							
Non-budget-funded bodies and special funds	239	43	1 092	1 432	—	887	—
Health and social services and education networks	–21	–5	–188	–28	—	–32	—
Generations Fund	144	214	1 137	1 311	—	1 431	—
Total consolidated entities	**362**	**252**	**2 041**	**2 715**	**—**	**2 286**	**—**
Contingency reserve	—	—	—	—	—	–300	—
SURPLUS (DEFICIT)	**721**	**541**	**158**	**3 298**	**—**	**1 431**	**—**
BALANCED BUDGET ACT							
Deposits of dedicated revenues in the Generations Fund	–144	–214	–1 137	–1 311	—	–1 431	—
BUDGETARY BALANCE[2]	**577**	**327**	**–979**	**1 987**	**—**	**—**	**—**

Note: The presentation of the budgetary information in this monthly report is consistent with that of the financial framework for the general fund and consolidated entities as published on page A.16 of *The Québec Economic Plan - March 2016*.

(1) Details of transactions by type of entity are presented on page 5 of this report.

(2) Budgetary balance within the meaning of the *Balanced Budget Act*.

❑ Cumulative results at February 29, 2016

■ Budgetary balance

For the period from April 2015 to February 2016, the budgetary balance within the meaning of the *Balanced Budget Act* was in surplus by $2.0 billion.

The Québec Economic Plan – March 2016 projects a balanced budget for 2015-2016.

■ General fund revenue

At February 29, 2016, revenue totalled $67.3 billion, an increase of $2.9 billion, or 4.4%, compared to February 28, 2015.

— Own-source revenue stood at $51.6 billion, up $2.5 billion from the same time last year.

— Federal transfers amounted to $15.7 billion, up $394 million compared to February 28, 2015.

■ General fund expenditure

Expenditure as of the beginning of the fiscal year totalled $66.7 billion, an increase of $392 million.

— For the period from April 2015 to February 2016, program spending rose by $568 million, or 1.0%, reaching $59.4 billion.

  — Spending rose in the priority missions of Health and Social Services (3.2%) and Education and Culture (0.4%).

— Debt service amounted to $7.3 billion, a decrease of $176 million compared to last year.

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■ Consolidated entities

At February 29, 2016, the results of consolidated entities showed a surplus of $2.7 billion. These results included:

— a surplus of $1.4 billion for non-budget-funded bodies and special funds;

— a $28-million deficit for the health and social services and education networks;

— dedicated revenues of $1.3 billion for the Generations Fund.

■ Net financial surplus (requirements)

At February 29, 2016, the consolidated net financial surplus stood at $2.7 billion, an improvement of $8.0 billion over last year. Net financial surpluses reflect the current budgetary balance as well as the year-over-year change in receipts and disbursements in the course of the government's transactions.

Consolidated budgetary and financial transactions
(millions of dollars) **(Unaudited data)**

	February			April to February		
	2015	**2016**	**Change**	**2014-2015**	**2015-2016**	**Change**
GENERAL FUND						
Revenue						
Own-source revenue	4 576	5 021	445	49 115	51 579	2 464
Federal transfers	1 393	1 359	–34	15 316	15 710	394
Total revenue	**5 969**	**6 380**	**411**	**64 431**	**67 289**	**2 858**
Expenditure						
Program spending	–4 962	–5 453	–491	–58 875	–59 443	–568
Debt service	–648	–638	10	–7 439	–7 263	176
Total expenditure	**–5 610**	**–6 091**	**–481**	**–66 314**	**–66 706**	**–392**
NET RESULTS OF CONSOLIDATED ENTITIES[1]						
Non-budget-funded bodies and special funds	239	43	–196	1 092	1 432	340
Health and social services and education networks	–21	–5	16	–188	–28	160
Generations Fund	144	214	70	1 137	1 311	174
Total consolidated entities	**362**	**252**	**–110**	**2 041**	**2 715**	**674**
SURPLUS (DEFICIT)	**721**	**541**	**–180**	**158**	**3 298**	**3 140**
Consolidated non-budgetary surplus (requirements)	860	893	33	–5 449	–638	4 811
CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)	**1 581**	**1 434**	**–147**	**–5 291**	**2 660**	**7 951**

(1) Details of transactions by type of entity are presented on page 5 of this report.

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General fund revenue
(millions of dollars)

(Unaudited data)

Revenue by source	February 2015	February 2016	Change (%)	April to February 2014-2015	April to February 2015-2016	Change (%)
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 443	1 685	16.8	17 779	19 004	6.9
Contributions to Health Services Fund	535	558	4.3	6 257	6 366	1.7
Corporate taxes	600	1 028	71.3	2 754	3 968	44.1
Consumption taxes	1 048	923	–11.9	15 938	16 194	1.6
Other sources	180	146	–18.9	1 552	1 477	–4.8
Total own-source revenue excluding government enterprises	**3 806**	**4 340**	**14.0**	**44 280**	**47 009**	**6.2**
Revenue from government enterprises	770	681	–11.6	4 835	4 570	–5.5
Total own-source revenue	**4 576**	**5 021**	**9.7**	**49 115**	**51 579**	**5.0**
Federal transfers						
Equalization	773	793	2.6	8 511	8 727	2.5
Health transfers[1]	405	407	0.5	4 440	4 702	5.9
Transfers for post-secondary education and other social programs	133	116	–12.8	1 456	1 426	–2.1
Other programs	82	43	–47.6	909	855	–5.9
Total federal transfers	**1 393**	**1 359**	**–2.4**	**15 316**	**15 710**	**2.6**
TOTAL	**5 969**	**6 380**	**6.9**	**64 431**	**67 289**	**4.4**

(1) Amounts of $430 million and $378 million in health transfers were allocated in 2014-2015 and 2015-2016, respectively, to the Fund to Finance Health and Social Services Institutions (FINESSS), a consolidated entity. These allocations were spread over the year and have already been deducted from the health transfers. Had it not been for these allocations, the change would have been 4.5% instead of 5.9%.

General fund expenditure
(millions of dollars)

(Unaudited data)

Expenditure by mission	February 2015 [1]	February 2016	Change (%)	April to February 2014-2015 [1]	April to February 2015-2016	Change (%)
Program spending						
Health and Social Services	2 297	2 661	15.8	28 925	29 844	3.2
Education and Culture	1 487	1 488	0.1	16 022	16 079	0.4
Economy and Environment	378	400	5.8	4 555	4 180	–8.2
Support for individuals and families	518	566	9.3	5 813	5 753	–1.0
Administration and Justice	282	338	19.9	3 560	3 587	0.8
Total program spending	**4 962**	**5 453**	**9.9**	**58 875**	**59 443**	**1.0**
Debt service	**648**	**638**	**–1.5**	**7 439**	**7 263**	**–2.4**
TOTAL	**5 610**	**6 091**	**8.6**	**66 314**	**66 706**	**0.6**

(1) Certain expenditures were reclassified between missions to take into account the transition to the 2015-2016 budgetary structure.

Detailed information on the transactions of consolidated entities
(millions of dollars) **(Unaudited data)**

	February 2016								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks (1)	Total	Consolidation adjustments (2)	Total
Revenue	**1 367**	**214**	**22**	**383**	**1 906**	**—**	**3 892**	**–2 241**	**1 651**
Expenditure									
Expenditure	–1 028	—	–22	–383	–1 969	–5	–3 407	2 158	–1 249
Debt service	–161	—	—	—	–72	—	–233	83	–150
Subtotal	**–1 189**	**—**	**–22**	**–383**	**–2 041**	**–5**	**–3 640**	**2 241**	**–1 399**
SURPLUS (DEFICIT)	**178**	**214**	**—**	**—**	**–135**	**–5**	**252**	**—**	**252**

	April 2015 to February 2016								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks (1)	Total	Consolidation adjustments (2)	Total
Revenue	**12 969**	**1 311**	**779**	**5 649**	**21 400**	**—**	**42 108**	**–23 586**	**18 522**
Expenditure									
Expenditure	–10 035	—	–779	–5 649	–20 213	–28	–36 704	22 633	–14 071
Debt service	–1 951	—	—	—	–738	—	–2 689	953	–1 736
Subtotal	**–11 986**	**—**	**–779**	**–5 649**	**–20 951**	**–28**	**–39 393**	**23 586**	**–15 807**
SURPLUS (DEFICIT)	**983**	**1 311**	**—**	**—**	**449**	**–28**	**2 715**	**—**	**2 715**

(1) The results of the networks are presented according to the modified equity accounting method.
(2) Consolidation adjustments include the elimination of program spending from the general fund.

The next monthly report, which will present the preliminary results at March 31, 2016, will be published on June 30, 2016.

For more information, contact the Direction des Communications of the Ministère des Finances at 418 528-7382.

The report is also available on the Ministère des Finances website: www.finances.gouv.qc.ca.